

# **Private School Choice Programs Auditor In Depth Training**

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# Agenda

- Program Overview
- Financial Information Report
- Lunch
- Fiscal & Internal Control Practices Report
- Enrollment Audits

# **PROGRAM OVERVIEW**

# Common Terms

- MPCP: Milwaukee Parental Choice Program
- RPCP: Racine Parental Choice Program (formerly known as PPSCP)
- WPCP: Wisconsin Parental Choice Program, "state wide"
- Private School Choice Programs (PSCP): Combined Programs, "Choice"
- OAS: Online Application System
- FIR: Financial Information Report
- System School: A group of schools under one federal tax id number participating as one organization ("school") in the WPCP

# Private School Choice Programs

## **Milwaukee Parental Choice Program (MPCP)**

- Created in 1990.
- Expanded to religious schools in 1998-99.
- Student enrollment cap was eliminated in 2011.
- Expanded to include schools outside Milwaukee in 2011.

## **Racine Parental Choice Program (RPCP)**

- Created in 2011.
- Limited to 250 FTE in 2011-12 and 500 FTE in 2012-13.

## **Wisconsin Parental Choice Program (WPCP)**

- Created in 2013 under 2013 Wisconsin Act 20.
- Limited to 500 FTE in 2013-14 and 1000 FTE in 2014-15.
- No more than 1% of a school districts membership may attend a WPCP school.

# Program Requirements

- MPCP
  - Wis. Stats. 119.23
- RPCP & WPCP
  - Wis. Stats. 118.60
- Wis. Admin. Code PI 35

# Student Eligibility

- A school may use only the criteria contained on the student application in determining whether a student is eligible for the Choice Program.

# Student Eligibility

## **Income Limits for New Students**

- MPCP and RPCP: 300% of the federal poverty level.
  - \$70,947 for a family of four.
- WPCP: 185% of the federal poverty level.
  - \$43,752 for a family of four.

## **Residency Requirements**

- MPCP: Residents of the City of Milwaukee.
- RPCP: Residents of the Racine Unified School District.
- WPCP: Not residents of the Milwaukee Public or Racine Unified School District.

## **Age Requirement**

- Date of Birth for K4, K5 and 1<sup>st</sup> grade.

## **RPCP Requirement**

- A student must be applying for K, 1st or 9<sup>th</sup> grade, participated in the RPCP in the prior year, was enrolled in RUSD in the prior year, or was not enrolled in school in the prior year.



# Count Dates

- Two count dates and enrollment audits each year:
  - 3rd Friday in September (Audit due Dec 15)
  - 2nd Friday in January (Audit due Sept 1)

# Membership Reports

- Membership reports are completed using OAS and are used to count students by grade for purposes of payment of Choice state aid.
- Three membership reports each year:
  - Preliminary September 1 enrollment report due September 1st
  - 3<sup>rd</sup> Friday in September count report due by October 1st
  - 2<sup>nd</sup> Friday in January count report due by February 1st

# September 1 Enrollment Report

- Preliminary September 1 Enrollment Report
  - Count the number of students enrolled at the school as of September 1.
  - Provide a list of the Choice students enrolled at the school as of September 1.
  - Submit the report through the OAS.

# **3<sup>rd</sup> Friday in September and 2<sup>nd</sup> Friday in January Count Reports**

- The school reports by grade level how many students were in attendance for instruction on each count date.
- A choice student may be included on these reports if:
  - Student was in attendance for instruction on the count date; or
  - If the student was absent on the count date, but attended at least one day before and one day after the count date and was not enrolled in another school during his or her absence.

# FTE Determination

- FTE means full-time equivalent and is used to calculate the payment amount per Choice student.
- Students in grades 1 -12 are counted as 1.0 FTE.
- Five year-old kindergarten students are counted as:
  - 0.5 FTE if attending less than full-time but at least 437 hours a school year, or
  - 1.0 FTE if they attend school five full-days a week.

# FTE Determination (cont)

- Four year-old kindergarten students are generally counted as 0.5 FTE.
- If the school provides an additional 87.5 hours of parental outreach activities for the parents of four year-old kindergarten students, the school may count the students as 0.6 FTE.

# Choice Payments

# Payment Amount

- The payment amount for the 2013-14 school year is \$6,442 for 1.0 FTE.
- Payments made during the school year are made based on the maximum voucher amount (\$6,442).
- If a school's operating and debt service cost per FTE student is determined to be less than the FTE state aid payment the school has received during the school year, the school will owe money back to the state.



# Payment Process

- State aid payments sent to eligible schools in September, November, February and May.
- A check is sent made out to the school for each quarterly payment.
- If the department receives a levy for the school, the check amount is reduced by the levy amount.

# Payment Process (cont)

- September payment is 25% of annual state aid amount for each student on the September 1<sup>st</sup> class list with an eligible application.
- November payment is 50% of annual FTE state aid amount less the September payment for each student on the September 3<sup>rd</sup> Friday membership report and class list with an eligible application.
- Summer school payment, if applicable, is sent with the November payment as a separate check.

# Payment Process (cont)

- February payment is 25% of annual FTE state aid amount for each student on the January membership report and class list with an eligible application.
- May payment is 25% of annual FTE state aid amount for each student on the January membership report and class list with an eligible application.

# Open Application Periods

## MPCP & RPCP

- Schools must choose the open application periods they would like to accept applications in the Intent to Participate in the program form due February 1<sup>st</sup>
- Available periods are: Feb 1-20, March 1-20, Apr 1-20, May 1-20, June 1-20, July 1-20, Aug 1-20, Sept 1-14, Oct 1-20, Nov 1-20, and Dec 1-Jan 7

# Open Application Periods

## MPCP & RPCP (cont)

- Applications accepted from February through September are eligible to receive payment for the 3<sup>rd</sup> Friday in September and 2<sup>nd</sup> Friday in January (if no break in enrollment)
- Applications accepted from October through January are eligible to receive payment for the 2<sup>nd</sup> Friday in January

# Open Application Periods

## WPCP

- 2013-14 School Year: August 1-9
- 2014-15 School Year:
  - February 1-April 20
  - If not above the 1,000 overall program capacity, additional open application periods are consistent with MPCP & RPCP

# **Audit Process**

# **Auditor Requirements**

**“AUDITOR” MUST HAVE CURRENT  
LICENSE WITH THE DEPARTMENT OF  
REGULATION AND LICENSING**

**AUDITING FIRM MUST BE LICENSED AS A  
CERTIFIED PUBLIC ACCOUNTING FIRM  
BY THE ACCOUNTING EXAMINING  
BOARD**

**DEPARTMENT MUST BE PROVIDED WITH  
“AUDITOR AUTHORIZATION FORM”**



# Auditor Authorization Form

- In order to select or change your auditor, complete the auditor authorization form.
- A new form must be completed every time the school changes auditors.

# Independence Requirements

- No compilation or review services may be provided unless:
  - The school makes available a trial balance, based on the school's general ledger established as part of financial accounting system, for the compilation or review services.

# Independence Requirements (cont)

- An auditor that performs the audit or compilation or review services as outlined above **may not:**
  - **Post, or prepare for posting, original or source document transactions** such as cash receipts and disbursements, invoices or billings for services, billings from vendors and suppliers, payroll activity and other typical reoccurring financial transactions to the private school's general ledger.

**In other words, the auditor may not provide payroll services or general accounting services to the schools they audit.**

# Independence Requirements (cont)

- Prepare and post adjusting, correcting, and closing journal entries to the private school's general ledger
  - Requires the written approval of the private school's management
  - The auditor's working papers must document evidence of management approval for all such entries

# Independence Requirements (cont)

- Assist in the preparation of the budget
  - Must comply with s. Accy 1.201, regarding forecasts
  - Identify assistance was provided as required by the department
  - Any services provided by the auditor must be specifically identified in the engagement letter detailing the Choice Program audit services to be provided

# Individuals who must remain independent

- If subcontracting Choice work to another CPA for a school, that individual/firm must remain independent in relation to that school.

# Reporting Structure

- School retains and pays independent audit firm.
- DPI furnishes structured program audit reports to the auditing firms.
- DPI generally relies on auditor work but has oversight authority.

# ENGAGEMENT AGREEMENT

## [PI 35.046 (1)(b)]

Must identify that-

- ⇒ Auditor will comply with Generally Accepted Auditing Standards.
- ⇒ Auditor will comply with PI 35 requirements.
- ⇒ Auditor will comply with Generally Accepted Governmental Auditing Standards if required by another agency.



# **ENGAGEMENT AGREEMENT**

## **[PI 35.046 (1)(b)] (cont)**

- ⇒ Must identify responsibilities of school and auditor.
- ⇒ Identify other services provided to school.
- ⇒ Auditor acknowledgement that DPI will rely on work of auditor.
- ⇒ Compensation for the services.

# Audit Reporting Requirements

- DUE DECEMBER 15
  - ⇒ September Enrollment Report
  - ⇒ Fiscal & Internal Control Practices Report
- DUE SEPTMEBER 1
  - ⇒ January Enrollment Report
  - ⇒ Financial Information Report (FIR)

# Enrollment Audits

- Determine that the applications are eligible:
  - Properly completed-MPCP & RPCP
  - Meet residency requirements and have proper support
  - Meet income requirements and have proper support, if applicable
- Determine that the pupils have met the attendance requirements

# Enrollment Audits (cont)

- Identify ineligible pupils
- Identify pending pupils:
  - Pupils included in the count that require corrections to OAS.
  - Pupils that were not included in the count but meet all the requirements based on the audit. *MPCP & RPCP only*

# Fiscal & Internal Control Practices Report

- Ensures compliance with fiscal requirements of the program per PI 35.047

# Financial Information Report (FIR)

- Determines the per pupil cost for the school
- Compares the amount of money the school was eligible to receive versus the amount it actually received to determine if any amount is owed to/from the school

# Adjustment Payments

- If a school's operating and debt service cost per FTE student is determined to be less than the FTE state aid payment the school has received during the school year, the school will owe money back to the state (through the FIR).
- Changes in membership may also result in an adjustment payment to or from the state.

# Certification Letters

- Once the department has reviewed and made any necessary changes to the audits, certification letters are sent.
- Certification letters are sent for:
  - September Enrollment Audit
  - Financial Information Report (includes January Enrollment Audit)
- If amount is owed to the DPI, adjustment payment must be made within 60 days of DPI's certification of the audit.
- If the school is owed money, a check is included with the certification letter.



# Statements on Auditing Standards

- Auditors are required to comply with the AICPA Statements on Auditing Standards

# DEPARTMENT ACCESS TO WORKING PAPERS

## AUDITOR MUST :

- ⇒ Respond directly to DPI inquiries
- ⇒ Permit the DPI to review working papers
- ⇒ Provide copies of working papers as requested by the DPI

# Disqualified Auditors

- Failure to complete the required procedures or provide a timely response to inquiries from the department can result in the auditor not being allowed to complete audits or accounting work for the Choice program.

**Questions?**

# Contact Information

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Audit Reports Email Submission  
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